

# **SLC Turnberry Limited**

## **Report and Financial Statements**

31 December 2004

SC 177810



# SLC Turnberry Limited

---

Registered No. SC177810

## **Directors**

T W Darnall  
M P Wale  
S Selbie  
R L Scott

## **Secretary**

J Grime

## **Auditors**

Ernst & Young LLP  
1 More London Place  
London SE1 2AF

## **Registered Office**

Park Lane Hotel  
Piccadilly  
London W1J 7BX

## Directors' report

The directors present their report and financial statements for the year ended 31 December 2004.

### Results and dividends

The loss for the year, after taxation, amounted to £817,000. The directors do not recommend the payment of any dividends.

### Principal activities and review of the business

The principal activity of the company is the operation of the Westin Turnberry Hotel and associated leisure facilities. The directors expect the general level of activity to continue in the future.

### Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees. The company is an equal opportunities employer.

The company recognises the high standards required to ensure the health, safety and welfare of its employees at work, its customers and the general public. Company policies in this regard are regularly reviewed with the objective of ensuring that these standards are achieved.

### Employee involvement

The company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various matters affecting the performance of the company. This is achieved through formal and informal meetings.

### Directors

The directors who served the company during the year were as listed on page 1.

### Supplier payment policy

The company's policy is to settle terms of payment with suppliers when agreeing the terms of each transaction, to ensure that suppliers are made aware of the terms of payment and abide by the terms of payment.

At 31 December 2004, the company had an average of 15 days purchases outstanding in trade creditors.

### Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

By order of the Board



Secretary

31 October 2005

## Statement of directors' responsibilities in respect of the financial statements

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# **Independent auditors' report**

**to the members of SLC Turnberry Limited**

We have audited the company's financial statements for the year ended 31 December 2004 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 20. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

## **Respective responsibilities of directors and auditors**

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

## **Basis of audit opinion**

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

## Independent auditors' report

to the members of SLC Turnberry Limited (continued)

### Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 December 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young LLP  
Registered Auditor  
London

31 October 2005

**Profit and loss account**

for the year ended 31 December 2004

	<i>Notes</i>	<i>2004</i> <i>£000</i>	<i>2003</i> <i>£000</i>
<b>Turnover</b>	2	14,689	13,095
Cost of sales		(8,895)	(7,677)
<b>Gross profit</b>		5,794	5,418
Administrative expenses		(6,762)	(6,622)
<b>Operating loss</b>	3	(968)	(1,204)
Interest receivable	6	79	47
Interest payable and similar charges	7	(199)	199
<b>Loss on ordinary activities before taxation</b>		(1,088)	(958)
Tax credit on loss on ordinary activities	8	271	702
<b>Loss retained for the financial year</b>		(817)	(256)

**Statement of total recognised gains and losses**

for the year ended 31 December 2004

There are no recognised gains or losses other than the loss of £817,000 attributable to the shareholders for the year ended 31 December 2004 (2003 – loss of £256,000).

The results have been derived wholly from continuing operations in both years.

**Balance sheet**

at 31 December 2004

	Notes	2004 £000	2003 £000
<b>Fixed assets</b>			
Tangible assets	9	37,339	38,569
Investments	10	3,331	3,331
		<u>40,670</u>	<u>41,900</u>
<b>Current assets</b>			
Stocks	11	601	581
Debtors	12	2,166	2,354
Cash at bank and in hand		1,334	1,422
		<u>4,101</u>	<u>4,357</u>
<b>Creditors:</b> amounts falling due within one year	13	13,253	11,833
		<u>(9,152)</u>	<u>(7,476)</u>
<b>Net current liabilities</b>			
		<u>31,518</u>	<u>34,424</u>
<b>Total assets less current liabilities</b>			
<b>Creditors:</b> amounts falling due after more than one year	14	15,472	17,561
		<u>16,046</u>	<u>16,863</u>
<b>Capital and reserves</b>			
Called up share capital	18	—	—
Capital reserve	18	18,374	18,374
Profit and loss account	18	(2,328)	(1,511)
		<u>16,046</u>	<u>16,863</u>
<b>Equity shareholders' funds</b>	18		
		<u>16,046</u>	<u>16,863</u>



Director

31 October 2005

## Notes to the financial statements

at 31 December 2004

### 1. Accounting policies

#### **Basis of preparation**

The financial statements are prepared under the historical cost convention and in accordance with applicable UK accounting standards.

The company has elected under section 229 of the Companies Act 1985 not to consolidate Nitto World Co., Limited as its inclusion is not material for the purpose of giving a true and fair view as the company does not trade.

The company had net current liabilities at 31 December 2004. However, the directors have drawn up the financial statements on a going concern basis since Starwood Hotels and Resorts Worldwide, Inc., the ultimate parent undertaking, has confirmed it will provide all necessary financial support to the company for the foreseeable future to enable it to continue trading and to meet its financial obligations as they fall due.

#### **Statement of cash flows**

The company has taken advantage of the exemption afforded by section 228 of the Companies Act 1985 because it is a wholly owned subsidiary of Starwood Hotels & Resorts Worldwide Inc., which prepares consolidated financial statements which are publicly available. On this basis the company is exempt from the requirement of FRS 1 to present a statement of cash flows.

#### **Related parties transactions**

As a subsidiary undertaking of Starwood Hotels & Resorts Worldwide Inc., the company has taken advantage of the exemption in FRS 8 'Related party disclosures' not to disclose transactions with other members of the group headed by Starwood Hotels & Resorts Worldwide Inc.

#### **Fixed assets**

Tangible fixed assets are stated at cost net of depreciation and any provision for impairment.

#### **Depreciation**

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition of each asset evenly over its expected useful life, as follows:

Freehold buildings	--	40 years
Fixtures, fittings and equipment	-	2 to 20 years

#### **Investments**

Fixed asset investments are shown at cost less provision for impairment.

#### **Stocks**

Stocks are stated at the lower of cost and net realisable value. Provision is made for obsolete, slow-moving or defective items where appropriate.

## Notes to the financial statements

at 31 December 2004

### 1. Accounting policies (continued)

#### Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;
- provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable;
- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

#### Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

#### Leasing and hire purchase commitments

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, and hire purchase contracts, are capitalised in the balance sheet and are depreciated over the shorter of lease term and their useful lives. The capital elements of future obligations under the leases and hire purchase contracts are included as liabilities in the balance sheet.

The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term, even if the payments are not made on such a basis.

# Notes to the financial statements

at 31 December 2004

## 1. Accounting policies (continued)

### Pension schemes

For defined benefit schemes the amounts charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the estimated regular cost of providing the benefits accrued in the year, adjusted to reflect variations from that cost. The regular cost is calculated so that it represents a substantially level percentage of current and future payrolls. Variations from regular cost are charged or credited to the profit and loss account as a constant percentage of payrolls over the estimated average remaining working life of scheme members.

Defined benefit schemes are either externally funded, with the assets of the scheme held separately from those of the group in separate trustee administered funds, or are unfunded. Differences between amounts charged to the profit and loss account and amounts funded or paid directly to members of unfunded schemes are shown as either provisions or prepayments in the balance sheet.

## 2. Turnover

Turnover comprises amounts derived from the provision of goods and services falling within the company's ordinary activities after deduction of value added tax, other sales related taxes and trade discounts. Turnover arises solely from the company's principal activity within the United Kingdom.

## 3. Operating loss

This is stated after charging/(crediting):

	2004 £000	2003 £000
Auditors' remuneration – audit services	35	32
Depreciation of owned fixed assets	1,495	1,527
Depreciation of assets held under finance leases and hire purchase contracts	40	22
Operating lease rentals – plant and machinery	104	90
Rental income	(7)	(13)
	<u>          </u>	<u>          </u>

## 4. Staff costs

	2004 £000	2003 £000
Wages and salaries	5,656	4,675
Social security costs	431	384
Other pension costs	110	140
	<u>6,197</u>	<u>5,199</u>

The monthly average number of employees during the year was 329 (2003 – 337).

## Notes to the financial statements

at 31 December 2004

### 5. Directors' emoluments

	2004 £000	2003 £000
Emoluments	145	184

	2004 No.	2003 No.
Members of defined benefit pension schemes	1	1

### 6. Interest receivable

	2004 £000	2003 £000
Interest receivable	79	47

### 7. Interest payable and similar charges

	2004 £000	2003 £000
On intercompany loans (note 14)	410	287
On promissory note (note 14)	571	643
Foreign exchange gain on promissory note	(791)	(1,132)
Finance charges payable under finance leases and hire purchase contracts	9	3
	199	(199)

### 8. Taxation on ordinary activities

#### (a) Tax credit on loss on ordinary activities

The tax credit is made up as follows:

	2004 £000	2003 £000
<i>Current tax:</i>		
Group relief receivable	(271)	(565)
Tax over provided in previous years	-	(137)
Total current tax (note 8(b))	(271)	(702)

## Notes to the financial statements

at 31 December 2004

### 8. Taxation on ordinary activities (continued)

#### (b) Factors affecting current tax charge

The tax assessed on the loss on ordinary activities is lower than the standard rate of corporation tax in the UK of 30% (2003 – 30%). The differences are reconciled below:

	2004 £000	2003 £000
Loss on ordinary activities before taxation	(1,088)	(958)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2003 – 30%)	(326)	(287)
Expenses not deductible for tax purposes	36	23
Capital allowances in advance of depreciation	(88)	(154)
Other timing differences	(66)	(147)
Tax over provided in previous years	–	(137)
Unutilised losses carried forward	173	–
Total current tax (note 8(a))	(271)	(702)

#### (c) Factors that may affect future tax charges

The company does not expect there to be any significant factors that may affect its future tax charges.

#### (d) Deferred tax

Deferred tax is provided at 30% (2003 – 30%) in the financial statements as follows:

	2004 £000	2003 £000
Accelerated capital allowances	4,891	4,803
Other timing differences	(1,169)	(1,235)
Brought forward trading losses	(3,722)	(3,568)
	–	–

The company has further trading losses carried forward resulting in a deferred tax asset of £696,000 (2003 – £682,000). This is not recognised as there is no certainty of suitable taxable profits in the future against which the losses can be offset.

# Notes to the financial statements

at 31 December 2004

## 9. Tangible fixed assets

	<i>Freehold land and buildings £000</i>	<i>Fixtures fittings and equipment £000</i>	<i>Total £000</i>
Cost:			
At 1 January 2004	41,296	4,678	45,974
Additions	–	305	305
At 31 December 2004	41,296	4,983	46,279
Depreciation:			
At 1 January 2004	5,327	2,078	7,405
Provided during the year	1,105	430	1,535
At 31 December 2004	6,432	2,508	8,940
Net book value:			
At 31 December 2004	34,864	2,475	37,339
At 1 January 2004	35,969	2,600	38,569

The net book value of assets above includes an amount of £140,000 (2003 – £86,000) in respect of assets held under finance leases and hire purchase contracts.

## 10. Investments

	<i>Subsidiary undertaking £000</i>
Cost:	
At 1 January 2004 and 31 December 2004	3,331

The above investment represents the company's investment in the following subsidiary undertaking:

	<i>Country of registration</i>	<i>Principal activity</i>	<i>Description and proportion of share capital</i>
Nitto World Co., Limited	England	Non-trading	100% ordinary share capital

## Notes to the financial statements

at 31 December 2004

### 11. Stocks

	2004	2003
	£000	£000
Finished goods and consumables	601	581

The directors consider that there is no significant difference between the balance sheet value and the replacement cost of stocks at the balance sheet date.

### 12. Debtors

	2004	2003
	£000	£000
Trade debtors	311	482
Other debtors	23	298
Prepayments and accrued income	201	214
Amounts owed by other group undertakings	1,631	1,360
	<u>2,166</u>	<u>2,354</u>

### 13. Creditors: amounts falling due within one year

	2004	2003
	£000	£000
Obligation under finance leases and hire purchase contracts (note 15)	48	28
Trade creditors	388	418
Other taxation and social security	310	155
Amounts owed to other group undertakings	11,664	10,313
Accruals and deferred income	843	919
	<u>13,253</u>	<u>11,833</u>

## Notes to the financial statements

at 31 December 2004

### 14. Creditors: amounts falling due after one year

	2004 £000	2003 £000
Obligations under finance leases and hire purchases contracts (note 15)	93	56
Amounts owed to other group undertakings	9,965	11,665
Promissory note	5,414	5,840
	<u>15,472</u>	<u>17,651</u>

Interest on the promissory note is charged at 10% per annum. Intercompany loans represents a non-interest bearing loan of £1,000,000 (2003 – £2,000,000) from Sheraton Hotels (England) Limited, of which £700,000 is repayable within one year and £300,000 is repayable after one year, and a loan of £9,665,000 (2003 – £9,665,000) from Sheraton Hotels (UK) plc. Interest on the loan from Sheraton Hotels (UK) plc is charged at libor plus an additional variable margin.

Borrowings are repayable as follows:

	2004 £000	2003 £000
Promissory note:		
In more than two years but not more than five years	(5,414)	(5,840)
	<u></u>	<u></u>
Intercompany loans:		
In more than one year but not more than two years	(9,965)	–
In more than five years	–	(11,665)
	<u>(9,965)</u>	<u>(11,665)</u>

## Notes to the financial statements

at 31 December 2004

### 15. Obligations under finance leases and hire purchase contracts

The maturity of these amounts is as follows:

	2004 £000	2003 £000
Amounts payable:		
Within one year	55	32
In two to five years	110	65
	<u>165</u>	<u>97</u>
Less: finance charges allocated to future periods	(24)	(13)
	<u>141</u>	<u>84</u>
Finance leases and hire purchase contracts are analysed as follows:		
Current obligations (note 13)	48	28
Non-current obligations (note 14)	93	56
	<u>141</u>	<u>84</u>

### 16. Commitments under operating leases

At 31 December 2004 the company had annual commitments under non-cancellable operating leases as set out below:

	<i>Assets other than land and buildings</i>	
	2004 £000	2003 £000
Operating leases which expire:		
Within one year	22	12
In two to five years	85	46
	<u>107</u>	<u>58</u>

# Notes to the financial statements

at 31 December 2004

## 17. Share capital

	<i>Authorised</i>
	<i>2004</i>
	<i>2003</i>
	<i>£000</i>
	<i>£000</i>
Ordinary shares of £1 each	—
	—

	<i>Allotted, called up and fully paid</i>			
	<i>2004</i>	<i>2004</i>	<i>2003</i>	<i>2003</i>
	<i>No.</i>	<i>£000</i>	<i>No.</i>	<i>£000</i>
Ordinary shares of £1 each	2	—	2	—

## 18. Reconciliation of shareholders' funds and movement on reserves

	<i>Share</i>	<i>Capital</i>	<i>Profit</i>	<i>Total</i>
	<i>capital</i>	<i>redemption</i>	<i>and loss</i>	<i>share-</i>
	<i>£000</i>	<i>reserve</i>	<i>account</i>	<i>holders'</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>funds</i>
At 1 January 2003	—	18,374	(1,255)	17,119
Loss for the year	—	—	(256)	(256)
At 31 December 2003	—	18,374	(1,511)	16,863
Loss for the year	—	—	(817)	(817)
At 31 December 2004	—	18,374	(2,328)	16,046

## Notes to the financial statements

at 31 December 2004

### 19. Pension commitments

#### (a) Pensions

The company provides pension arrangements for certain permanent employees through the Turnberry Hotel Pension Scheme. The scheme is a funded defined benefits scheme based on final pensionable pay and the related costs and assets are assessed in accordance with the advice of professionally qualified actuaries.

The most recent valuation was conducted on 31 December 2002 using the attained age method. The main assumptions are as follows:

Rate of return on investments – pre retirement (% per annum)	7.0%
Rate of return on investments – post retirement (% per annum)	5.0%
Rate of increase in salaries (% per annum)	3.9%
Rate of increase in pensions payments (% per annum)	2.4%
<hr/>	
Market value of scheme's assets (£000)	2,578
<hr/>	
Level of funding, being the actuarial value of assets expressed as a percentage of the benefits accrued to members, after allowing for future salary increases	89.9%
<hr/>	

The deficit in the scheme is expected to be funded over the period of eleven years from 1 January 2003, being the average membership period of the current active members. The resulting total contribution rate would be 31.5% of scheme pay.

The company is contributing at a rate of 21.5% to 31 December 2013. Thereafter, the contribution rate will be at 14.2% of scheme pay. The contributions made by the company include an allowance to fund the deficit by 31 December 2013. Contributions of £99,000 were paid in respect of members of the scheme during the accounting year.

As the scheme is now closed to new entrants, the valuation method has been changed from the Projected Unit method to the Attained Age method. The Attained Age method, which is consistent with a stable long term funding target, will allow for the average membership to age over the years.

#### *FRS17 disclosures*

The valuation used for FRS 17 disclosures has been based on the most recent actuarial valuation as at 31 December 2002 and updated by a qualified actuary to take account of the requirements of FRS 17 in order to assess the liabilities of the scheme at 31 December 2004. Scheme assets are stated at their market value at the respective balance sheet dates.

	2004	2003	2002
	%	%	%
Main assumptions:			
Rate of increase in salaries	3.8	3.8	3.5
Rate of increase in pensions in payment	2.8	2.8	2.3
Rate of increase in deferred pensions	2.8	2.8	2.3
Discount rate	5.3	5.5	5.5
Inflation assumption	2.8	2.8	2.3

## Notes to the financial statements

at 31 December 2004

### 19. Pension commitments (continued)

#### (a) Pensions (continued)

The assets and liabilities of the scheme and the expected rate of return at 31 December are:

	2004		2003		2002	
	Long-term rate of return expected %	Value £000	Long-term rate of return expected %	Value £000	Long-term rate of return expected %	Value £000
Equities/property	5.8	2,490	6.0	2,168	6.5	1,860
Bonds	3.8	936	4.0	864	5.0	723
Cash	4.0	(8)	3.0	81	4.0	(5)
Total market value of assets		3,418		3,113		2,578
Present value of scheme liabilities		(4,143)		(3,779)		(3,240)
Net pension liability		(725)		(666)		(662)

An analysis of the defined benefit cost for the year ended 31 December is as follows:

	2004 £000	2003 £000
Current service cost	(49)	(56)
Total operating charge	(49)	(56)
Other finance costs: Expected return on pension scheme assets	168	158
Other finance costs: Interest on pension scheme liabilities	(208)	(178)
Total other finance costs	(40)	(20)
STRGL: Actual return less expected return on pension scheme assets	114	304
STRGL: Experience losses arising on scheme liabilities	56	-
STRGL: Loss arising from changes in assumptions underlying the present value of scheme liabilities	(223)	(325)
Actuarial losses recognised in the statement of total recognised gains and losses	(53)	(21)

## Notes to the financial statements

at 31 December 2004

### 19. Pension commitments (continued)

#### (a) Pensions (continued)

Analysis of movements in deficit during the year:

	2004 £000	2003 £000
At 1 January	(666)	(662)
Total operating charge	(49)	(56)
Total other finance costs	(40)	(20)
Actuarial losses recognised in the statement of total recognised gains and losses	(53)	(21)
Contributions	83	93
At 31 December	(725)	(666)

History of experience gains and losses:

	2004	2003	2002
Difference between expected return and actual return on pension scheme assets			
– amount (£000)	114	304	(652)
– % of scheme assets	3.0	9.8	(25.3)
Experience gains arising on scheme liabilities			
– amount (£000)	56	–	201
– % of the present value of scheme liabilities	1.0	–	6.2
Total actuarial losses recognised in the statement of total recognised gains and losses			
– amount (£000)	(53)	(21)	(615)
– % of the present value of scheme liabilities	(1.0)	(0.6)	(19.0)

#### (b) Reconciliations of net assets and reserves under FRS 17

Net assets	2004 £000	2003 £000	2002 £000
Net assets as stated in balance sheet	16,046	16,863	17,119
FRS 17 defined benefit liabilities	(725)	(666)	(662)
Net assets including defined benefit liabilities	15,321	16,197	16,457

## Notes to the financial statements

at 31 December 2004

### 19. Pension commitments (continued)

#### (b) Reconciliations of net assets and reserves under FRS 17 (continued)

##### *Reserves*

	2004	2003	2002
	£000	£000	£000
Profit and loss deficiency as stated in balance sheet	(2,328)	(1,511)	(1,255)
FRS 17 defined benefit liabilities	(725)	(666)	(662)
	<hr/>	<hr/>	<hr/>
Profit and loss reserve including amounts relating to defined benefit liabilities	(3,053)	(2,177)	(1,917)
	<hr/>	<hr/>	<hr/>

### 20. Ultimate parent undertaking

The immediate parent undertaking is SLC Operating Limited Partnership.

The smallest and largest group in which the results of SLC Turnberry Limited are consolidated, is that headed by Starwood Hotels and Resorts Worldwide, Inc., a company incorporated in the United States of America. The consolidated financial statements of this group are available to the public at Starwood Hotels & Resorts Worldwide Inc., Investor Relations, 1111 Westchester Avenue, White Plains, NY 10604, USA.